

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2063 HB	<b>Title:</b> Homebuyers/REET exemption
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(3,040,000)	(3,580,000)	(3,830,000)	(17,500,000)	(20,590,000)	(22,040,000)	(24,610,000)	(28,960,000)	(31,020,000)
<b>Total \$</b>	<b>(3,040,000)</b>	<b>(3,580,000)</b>	<b>(3,830,000)</b>	<b>(17,500,000)</b>	<b>(20,590,000)</b>	<b>(22,040,000)</b>	<b>(24,610,000)</b>	<b>(28,960,000)</b>	<b>(31,020,000)</b>

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	1.0	260,100	260,100	260,100	.4	79,000	79,000	79,000	.4	79,000	79,000	79,000
Housing Finance Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>1.0</b>	<b>260,100</b>	<b>260,100</b>	<b>260,100</b>	<b>0.4</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>0.4</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Housing Finance Commission	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 1/15/2024
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 2063 HB	<b>Title:</b> Homebuyers/REET exemption	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
GF-STATE-State 01 - Taxes 57 - Real Estate Excise		(3,040,000)	(3,040,000)	(17,500,000)	(24,610,000)
Public Works Assistance Account-State 01 - Taxes 57 - Real Estate Excise		(200,000)	(200,000)	(1,140,000)	(1,620,000)
Education Legacy Trust Account-State 01 - Taxes 57 - Real Estate Excise		(540,000)	(540,000)	(3,090,000)	(4,350,000)
City County Assistance Account-State 01 - Taxes 57 - Real Estate Excise		(50,000)	(50,000)	(310,000)	(440,000)
<b>Total \$</b>		(3,830,000)	(3,830,000)	(22,040,000)	(31,020,000)

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.0	1.0	0.4	0.4
GF-STATE-State 001-1		260,100	260,100	79,000	79,000
<b>Total \$</b>		260,100	260,100	79,000	79,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 01/08/2024
Agency Preparation: Beth Leech	Phone: 60-534-1513	Date: 01/15/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/15/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/15/2024

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## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Note: This fiscal note reflects a revision to the revenue impact, and replaces fiscal note number 2063-1.

#### CURRENT LAW:

Real estate excise tax (REET) applies to selling or transferring real property unless the transaction qualifies for a specific tax exemption.

#### PROPOSAL:

This bill exempts the sale of a single-family unit to a person who is a first-time homebuyer, meets the eligibility requirements for the first-time homebuyer program offered by the Housing Finance Commission, and is receiving publicly funded down payment assistance from REET.

#### EFFECTIVE DATE:

This bill takes effect on July 1, 2024; however, due to the time it will take to program this bill's changes, the Department of Revenue (department) is unable to implement the bill until January 1, 2025.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

#### ASSUMPTIONS

- Of the qualified first-time homebuyers using the Housing Finance Commission's first-time homebuyer programs, 98% use a publicly funded downpayment assistance program.
- All sales to qualified first-time homebuyers will fall under the first and second-graduated REET tiers with a state rate of 1.10% and 1.28%.
- Annual growth mirrors the Economic and Revenue Forecast Council November 2023 forecast for state and local REET.
- The department will implement this legislation on January 1, 2025, and it will impact five months of collections in fiscal year 2025.

#### DATA SOURCES

- Housing Finance Commission
- Department of Revenue, Property tax data
- Economic and Revenue Forecast Council, November 2023 forecast
- Bureau of Labor Statistics, CPI for all urban consumers

#### REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$3.8 million in the five months of impacted collections in fiscal year 2025 and by \$10.0 million in fiscal year 2026, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$1.8 million in the five months of impacted collections in fiscal year 2025 and by \$4.9 million in fiscal year 2026, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$	0
FY 2025 -	(\$	3,830)

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FY 2026 - (\$ 10,040)  
FY 2027 - (\$ 12,000)  
FY 2028 - (\$ 14,760)  
FY 2029 - (\$ 16,260)

Local Government, if applicable (cash basis, \$000):

FY 2024 - \$ 0  
FY 2025 - (\$ 1,800)  
FY 2026 - (\$ 4,900)  
FY 2027 - (\$ 5,400)  
FY 2028 - (\$ 6,000)  
FY 2029 - (\$ 6,700)

## II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

### FIRST YEAR COSTS:

The department will not incur any costs in fiscal year 2024.

### SECOND YEAR COSTS:

The department will incur total costs of \$260,100 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 2.04 FTEs.
- Set up, program, and test computer system changes.
  - Reconfigure the REET affidavit and create a new attestation form.
  - Provide training and policy support to county staff.
  - Perform field audits.
  - Records management and storage.
  - Create a Special Notice and identify publications and information the department may need to create or update on the department's website.
  - Update web pages, publications, and forms for the reporting change.
  - Create one new rule.

Object Costs - \$3,400.

- Contract computer system programming.

### ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$79,000 and include similar activities described in the second-year costs. Time and effort equate to 0.4 FTE.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.0	1.0	0.4	0.4
A-Salaries and Wages		151,500	151,500	50,000	50,000
B-Employee Benefits		50,000	50,000	16,400	16,400
C-Professional Service Contracts		3,400	3,400		
E-Goods and Other Services		32,500	32,500	8,000	8,000
G-Travel		6,000	6,000	2,200	2,200
J-Capital Outlays		16,700	16,700	2,400	2,400
<b>Total \$</b>		\$260,100	\$260,100	\$79,000	\$79,000

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EMS BAND 4	131,684		0.0	0.0		
EXCISE TAX EX 2	58,104		0.1	0.1	0.1	0.1
EXCISE TAX EX 3	64,092		0.9	0.5	0.3	0.3
EXCISE TAX EX 4	70,800		0.3	0.2		
IT B A-SR/SPEC	101,376		0.2	0.1		
IT QA-JOURNEY	91,968		0.3	0.2		
IT SYS ADM-JOURNEY	96,552		0.1	0.1		
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120		0.1	0.0		
TAX POLICY SP 3	88,416		0.0	0.0		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 2	98,456		0.0	0.0		
WMS BAND 3	111,992		0.0	0.0		
<b>Total FTEs</b>			2.0	1.1	0.4	0.4

### III. C - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

## Part V: New Rule Making Required

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the department will use the expedited process to adopt WAC 458-61A-NEW, titled: "New

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exemption based on the addition of an exemption under RCW 82.45.010(3)." Persons affected by this rulemaking would include first time homebuyers.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2063 HB	<b>Title:</b> Homebuyers/REET exemption	<b>Agency:</b> 148-Housing Finance Commission
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 01/08/2024
Agency Preparation: Daniel Page	Phone: 206-287-4476	Date: 01/11/2024
Agency Approval: Lucas Loranger	Phone: 206-254-5368	Date: 01/11/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/11/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

No Fiscal Impact: Because the Commission is a non-appropriated, non-allocated agency, all the costs associated with the contemplated legislation connected to the Commission will flow through the Commission's operating funds, therefore the Commission believes it has no fiscal impact on the state's budget.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE



**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*